

REMINDER TO DISTRICTS THAT PLEDGED THEIR AUGUST PAYMENT

Approximately 150 school districts participated in the Michigan Municipal Finance Authority's (MMBA) State Aid Note (SAN) Programs 2013 B-2 and 2013 B-3 (no set-aside pool), and pledged 100% of their August 2014 school aid payment for the repayment of this obligation. If your district participated in this program, please be reminded that all or part of your August payment will not be deposited in your bank account. Rather, the note set-aside portion will be deposited with the bank. If you have questions please contact Nichole Dorr, Michigan Finance Authority (517) 335-0525 or DorrN@Michigan.gov.

AUGUST PAYMENT INFORMATION

The August state school aid payment is the 11th and final payment of the year and reflects a cumulative 100% of the year's allocations for Sections 22a, 51c, and 22b as well as for the categorical funding.

Updated Categoricals - The following categorical were updated in the August payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- Adult Education – Section 107 (Sandy Thelen, Workforce Development Agency, Adult Education, (517) 373-3395, ThelenS@Michigan.gov)
- Renaissance Zones – Section 26a (Howard Heideman, Treasury, Revenue and Tax Analysis, (517) 373-9002, HeidemanH@Michigan.gov)
- Great Start Readiness – Section 32d (Pat Sargent, Early Childhood Education, (517) 241-4741, SargentP@Michigan.gov)

BEST PRACTICE RESIDUAL INCLUDED IN AUGUST PAYMENT

Language in the Best Practice Section (22f) of the State School Aid Act states that if the Department determines that FY 2014 funds remain after allocating \$52 per pupil, the remaining unexpended amount is to be allocated on an equal per pupil basis to districts that meet the Best Practice requirements and that have a foundation for FY 2014 less than \$8,049. The remaining Section 22f funds have been allocated in the August payment at a rate of \$2.85 per pupil. They appear on the August State School Aid Financial Status Report in the section labeled "Current Year Allowances" on a line labeled "Best Practice Residual." Approximately \$3.6 million is being allocated. For questions related to these funds please contact John Hayner, Office of State Aid and School Finance, at (517) 241-0495 or by e-mail at HaynerJ1@Michigan.gov.

FINANCIAL INFORMATION DATABASE (FID) REMINDER

All public schools that received state school aid during FY 2014 are required to electronically submit financial data to the Financial Information Database (FID) by November 15, 2014. Failure to submit the FID data by that date is cause for the withholding of future state school aid payments (MCL 388.1618(9)). Questions related to the financial data required in this submission may be directed to Glenda Rader at (517) 335-0524 or e-mail RaderG@Michigan.gov. **The FID application will open for district submissions on September 2, the Tuesday after Labor Day.** At least one staff member must be designated by each district and public school academy to submit data via the FID application. To become authorized, this individual must download and complete a security agreement. To locate the agreement, go to www.Michigan.gov/CEPI, click on "CEPI Applications" from the left-side navigation bar, and then on "Financial Information Database." In the lower left-hand corner of the screen, click on the "FID Security Agreements" link located in the "Upload FID Data to CEPI" box. Questions related to accessing the system or submission of data to the FID may be directed to the CEPI Customer support by e-mail at CEPI@michigan.gov or telephone (517) 335-0505.

STATE AID AND SCHOOL FINANCE WEBSITE UPDATES

Several items have been updated on the office of State Aid and School Finance website including the foundation parameter spreadsheet which can be found at http://www.mi.gov/documents/sw_fndamts_11719_7.pdf, the Budget Transparency Guidance http://www.michigan.gov/documents/mde/Guidance_Section_18_463857_7.pdf, the Best Practices Guidance http://www.michigan.gov/documents/mde/Best_Practice_Guidance_463861_7.pdf, and the MPSERS Offset Guidance [http://www.michigan.gov/documents/mde/2014 MPSERS Accounting Guidance 463854_7.pdf](http://www.michigan.gov/documents/mde/2014_MPSERS_Accounting_Guidance_463854_7.pdf)

Also, the Public School Accounting Manual was recently updated
http://www.michigan.gov/mde/0,4615,7-140-6530_6605-21321--,00.html

FY 2014 STATE SCHOOL AID REVENUE RECOGNITION

State school aid revenue reported on the 2013-2014 financial data submission should be consistent with amounts shown on the district's August 2014 State Aid Financial Status Report. Minor differences may occur as the result of accounts payable and receivable issues. Care should be taken to record the revenues in the appropriate fund, major class codes, and suffix as indicated in the *Michigan Public School Accounting Manual*. Account numbers for the 2013-2014 state school aid revenue may be found on our website at: http://www.Michigan.gov/mde/0,1607,7-140-6530_6605-21356--

[.00.html](#). Unearned Revenue – any restricted state grant funds (i.e., At Risk, Adult Education, Math/Science) received and remaining unspent at year end should be recorded in the financial statements as unearned revenue (balance sheet major class code 471) rather than as a reserve of fund balance. This does not apply to funds that are awarded without restriction as to use. Questions related to revenue recognition should be directed to Glenda Rader, Office of State Aid and School Finance, at (517) 335-0524 or by e-mail at RaderG@Michigan.gov.

FY 2015 LOCAL DISTRICT BEST PRACTICES FUNDING

As reported in prior UPDATES, the school aid amendments for 2014-2015 include Section 22f language that allocates \$75 million to be paid out at the rate of \$50 per pupil to districts that meet at least 7 of 9 “best practices” by June 1, 2015. The best practices named are not all the same as in FY 2014. As mentioned above, the Department’s Best Practices Incentive Guidance indicating the requirements that districts must meet to qualify for the Section 22f funds has been updated and is available on the Department’s website. Funds will be distributed to school districts pursuant to the school aid payment schedule beginning with the payment following receipt of the board resolution required by the guidance. Questions related to the best practices incentive should be directed to John Hayner, Office of State Aid and School Finance, at (517) 241-0495 or by e-mail at HaynerJ1@Michigan.gov.

WEIGHTED AVERAGE FOUNDATION GRANT USED FOR DUAL ENROLLMENT

The “postsecondary dual enrollment weighted average foundation” to be used in FY 2014 is \$7,315. The Postsecondary Enrollment Options Act (MCL 388.514) was amended in 2012 to require districts to pay a prorated share of the state weighted average foundation for pupils enrolled in a postsecondary institution. The per pupil foundation grants used to calculate the postsecondary dual enrollment weighted average foundation are capped at the basic foundation (\$8,049 for FY 2014). The [State Aid Foundation Allowance parameter sheet](#) posted on the Department’s website has been revised to reflect the dual enrollment weighted average foundation.

DEFICIT DISTRICT INFORMATION

Deficit Elimination Plans (DEP) for districts or academies incurring a negative general fund balance as of June 30, 2014 or whose Board has adopted a 2014-2015 deficit budget were due to the MDE no later than July 31, 2014. Districts having incurred a negative general fund balance as of June 30, 2014 should contact the Office of State Aid and School Finance as soon as possible to begin planning their DEP submissions, if they have not already done so. Current DEP forms are available on the Department’s website at: http://www.michigan.gov/mde/0,1607,7-140-6530_6605-106599--,00.html. Questions related to a DEP should be directed to Jeff Kolb, Office of State Aid and School Finance, at (517) 373-1908 or by e-mail at KolbJ2@Michigan.gov or Chad Urchike at (517) 335-1261 or UrchikeC1@Michigan.gov.

IMPORTANT DATES TO REMEMBER

- **October 21, 2014** is the date of the annual **MDE/MSBO Fall Workshop**. This year’s conference will be at the Kellogg Center in East Lansing, Michigan.
- Pursuant to Section 380.1284b of the Revised School Code, **school is not to be in session prior to Labor Day** (September 1, 2014).
- **Wednesday, October 1, 2014** is the **pupil membership count day** for 2014-2015 and the second adult education participant count day of the year. (Brian Ciloski, (517) 373-3352, CiloskiB@Michigan.gov)
- The **SE-4096 Special Education Cost Report** for the FY 2014 school fiscal year is due on **September 30, 2014**. (Dianne Easterling, (517) 373-6488, EasterlingD@Michigan.gov)
- The **SE-4094 Special Education Transportation Expenditure Report** for the FY 2014 school fiscal year is due on **October 7, 2014**. (Dianne Easterling, (517) 373-6488, EasterlingD@Michigan.gov)
- The October 20, 2014 state school aid payment is the first payment of FY 2015. There is no September school aid payment.
- Districts are required to report by **November 1** to the local health department the immunization status of all students entering kindergarten or a new school in grades 1-12. Also, districts are required to report by **November 1** to the local health department the **immunization status** of all pupils who enrolled in grade 7 in the district or ISD for the first time between January 1 and September 30, 2014. (Patty Lawless (517) 373-1122, LawlessP@Michigan.gov)
- **November 1** is the deadline for local districts (including PSAs) to file their **2013-2014 financial audit report** with the ISDs. Both the **financial and pupil accounting audit reports** are due electronically to the Department on **November 15**. Failure to file these reports will result in the withholding of state aid. (Naomi Krefman, (517) 335-6858, KrefmanN@Michigan.gov)
- The **FY 2014 FID – Annual Comprehensive Financial Report** is due from local and intermediate districts to CEPI by **November 15** (see related item above). Failure to file this report will result in the withholding of state aid. (Glenda Rader, (517) 335-0524, RaderG@Michigan.gov)
- The **DS-4168, Days and Clock Hours Report** for 2013-14 was due **August 1, 2014**.
- **Proration factors:** Section 31a – At Risk funding per pupil proration is \$311.8379935168. The proration factor for the Section 22j performance funds is .9987312669.
- Section 152a Headlee Obligation for Data Collection funds are being paid at a rate of \$24.7430271844 per pupil.

Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or Dan Hanrahan, Director, State Aid and School Finance, MDE, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov.
